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# Strategic Plan

Office of Insular Affairs

**U.S. DEPARTMENT OF THE INTERIOR**



# Office of Insular Affairs Strategic Plan

**FY 2000 - 2005**



DEPARTMENT OF THE INTERIOR  
OFFICE OF INSULAR AFFAIRS

The Department of the Interior has had a long and evolving history with respect to U.S. territories and other affiliated insular areas. The Office of Insular Affairs (OIA) is part of that history. OIA is located within the Office of the Secretary. Our major charge is to help the insular areas develop more efficient and effective government while honoring their rich history and unique cultures. From a policy perspective, our long-term goal is to improve government to government relationships with the insular governments by fostering better communications.

OIA coordinates federal policy and provides technical and financial assistance to the territories of American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands. The Office also provides financial and technical assistance to the freely associated states of the Federated States of Micronesia, the Republic of the Marshall Islands and the Republic of Palau.

The financial assistance OIA provides is to improve government infrastructure and to support basic government operations. Much of this assistance is in the form of mandatory funding and is the product of negotiated long-term agreements. OIA also works with the insular governments to identify technical assistance needs and then locates expertise to help with a broad range of governmental activities. For all of the assistance programs, OIA works to ensure that there has been adequate planning to identify needs and priorities, and that projects are completed quickly and effectively.

Ferdinand Aranza  
Director, Office of Insular Affairs

**Department of the Interior**  
**Leadership Commitment**

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# Executive Summary

The Office of Insular Affairs received approximately \$325 million in appropriations in fiscal year 2000. OIA anticipates appropriations to total approximately \$338 million annually by fiscal year 2005. Of this anticipated \$338 million, approximately \$334 million would be given directly to the insular areas in the form of grants, payments, and other benefits. The remaining \$4 million would fund the staff and expenses of the Office of Insular Affairs. OIA staff works diligently to get the funding out to the insular areas as efficiently as possible. OIA staff monitors and oversees the progress made by the islands utilizing these funds.

Why provide this type of financial assistance to the insular governments? Congress has recognized that the normal array of Federal programs available to the states is not sufficient and does not address many of the unique political, social and economic needs of the islands. The additional funding does make a difference. Technical assistance in the financial management area has produced dramatic improvements in internal controls and accountability in most of the islands compared to ten or twenty years ago. Likewise, there have been significant improvements to many public services such as power, water, wastewater and communications utilities. Some of this is directly related to technical assistance

activities and grants awarded under the Operations and Maintenance Improvement Program. There are numerous other examples.

Because of the long-term perspective of its technical assistance activities and variety of other factors that affect goal achievement, OIA has decided to focus on those goals and objectives that are achievable by OIA in the short-term that are less dependent on the performance of the insular governments, and are less affected by external factors. This results in an approach that is focused more on "outputs" rather than "outcomes." For example, OIA has very limited control over the quality of basic services provided by the insular governments; but it does have greater control over the timely use and release of grant money and the level and effectiveness of communications it maintains with the insular governments and their leaders. These are activities that can be measured and tracked.

Broader territorial performance as measured by economic and demographic data will be accumulated and presented annually in OIA's State of the Islands Report; but will not be tracked through the Government Performance and Results Act process.



# Section I

## *Introduction*

The Office of Insular Affairs (OIA) carries out the Secretary of the Interior's responsibilities for the insular areas, including providing them with financial assistance for government operations and needed infrastructure, and technical assistance and advisory services. This assistance is a recognition that local tax revenues and other Federal programs are insufficient to meet the unique needs of these areas. The Secretary's responsibilities also require OIA to coordinate activities with other Federal agencies in developing insular policy positions and to enunciate the Administration's position in discussions with the Congress and the insular governments. The insular governments include American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, the Republic of the Marshall Islands, the Republic of Palau, and the Federated States of Micronesia.

This Strategic Plan has been prepared for fiscal years 2000 through 2005. The OIA Strategic Plan is based on two primary Mission Goals: 1) assisting the islands in developing more efficient and effective government by providing financial and technical assistance, and 2) helping manage Federal-island relations by promoting appropriate Federal policies. These mission goals are further categorized into the following GPRA program activities: 1) improving infrastructure, 2) improving governmental systems and services, and 3) improving governmental relations. Each of these GPRA program activities has its own unique long-term goals and annual performance goals.

Most of OIA's budget is devoted to funding financial and technical assistance for the insular governments. Therefore, all budget programs and activities except the administrative costs of OIA fall within the first Mission Goal. The actual work of the Office is split between the first and second Mission Goals.

OIA is divided into four smaller organizations: the Office of the Director, the Policy Division, the Technical Assistance Division and the Financial Management Division. The first two sub-organizations focus almost exclusively on the second Mission Goal and the latter sub-organizations on the first Mission Goal. In terms of meeting Mission Goals, there is some overlap between divisions. For example, work on improving governmental relations can directly affect the provision of technical and financial assistance. Likewise, OIA's assistance activities have an effect on insular relationships with the Federal government.

OIA has based this strategic plan on actual funds appropriated in fiscal year 2000, and the President's Budget request for 2001, and has assumed baseline funding for fiscal years 2002 through 2005. For this revised strategic plan, OIA has simplified the structure from its original GPRA plan. The reasons are discussed in the Executive Summary.

## Section II

### *Mission Statement*

The mission of the Office of Insular Affairs is to assist the islands in developing more efficient and effective government by providing financial and technical assistance, and help manage Federal island relations by promoting appropriate Federal policies.

## Section III

### *Summary of Goals*

#### RELATIONSHIP BETWEEN DEPARTMENTAL GOALS AND OIA GOALS

Departmental Goals	OIA Mission Goals/ Program Activities	Long-term Goals
Meet our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities (Departmental Goal No. 5)	I. Assist the islands in developing more efficient and effective government by providing financial and technical assistance.	
	<b>i. Improve Infrastructure</b>	<ol style="list-style-type: none"> <li>1. By 2005, all insular governments will implement multi-year capital plans for infrastructure that adequately identify operations and maintenance needs.</li> <li>2. By 2005, OIA's goal is to increase grant productivity by increasing the ratio of projects completed to projects started to 1.0 , and to reduce the average completion time of projects to 24 months.</li> </ol>
	<b>ii. Improve Government Systems and Services</b>	<ol style="list-style-type: none"> <li>1. By 2005, all insular governments are implementing long-term plans to improve financial management.</li> <li>2. By 2005, increase grant productivity by increasing the ratio of projects completed to projects started to 1.0, and to reduce the average completion time of projects to 24 months.</li> </ol>
	II. Help manage Federal-island relations by promoting appropriate Federal policies.	
	<b>i. Improve Governmental Relations</b>	<ol style="list-style-type: none"> <li>1. By 2005, increase insular governments' satisfaction regarding communications with the Federal government over survey baselines established in 2001.</li> </ol>

## Section IV

### *Goals*

#### **MISSION GOAL I: ASSIST THE ISLANDS IN DEVELOPING MORE EFFICIENT AND EFFECTIVE GOVERNMENT BY PROVIDING FINANCIAL AND TECHNICAL ASSISTANCE**

##### **GOAL 1: IMPROVE INFRASTRUCTURE BY PROVIDING FINANCIAL AND TECHNICAL ASSISTANCE TO THE INSULAR GOVERNMENTS.**

Through its financial and technical assistance programs, OIA will help ensure that the insular governments have adequate infrastructure, including: schools, health care facilities, port facilities, roads, power, water, wastewater, solid waste, prisons and general public facilities such as government offices, parks and recreation facilities, libraries, etc. OIA provides direct financial grants to cover the costs of design and construction. On the technical assistance side, the program assists the governments in developing the institutional capacity to maintain infrastructure and ensure plans are in place that identify priorities and specific project needs for a minimum five-year period.

**Long-term Goal 1:** By 2005, all insular governments will implement multi-year capital plans for infrastructure that adequately identify operations and maintenance needs.

OIA believes it is very important that long-term plans are in place for capital improvements in the insular areas, particularly given the high dependence on Federal funding for these improvements. Although plans were mandated under the Compact of Free Association Act of 1985, they have not been rigorously enforced or updated. To date, two of the seven insular governments have implemented multi-year capital plans.

**Long-term Goal 2:** By 2005, our goal is to increase grant productivity by increasing the ratio of projects completed to projects started to 1.0, and to reduce the average completion time of projects to 24 months.

The grants included in this goal are related to improving infrastructure, such as maintenance assistance grants and capital improvement grants funded through our discretionary appropriation, mandatory covenant funds, and through our Compact of Free Association payments.

These performance goals are designed to emphasize the productivity of the Office and the island governments rather than the ultimate social or economic value of the grants. The 1999 actual ratio of projects completed to projects started is .29. The average completion time in 1999 was 32 months.

##### **Relationship Between Long-term Goals and Annual Performance Goals**

Long-term goal 1 has been revised to extend completion of long-term plans from FY 2002 until FY 2005. This realistically allows for one plan to be written each year. The requested funding level provides adequate money to complete one plan per year, assuming there is an insular government willing to undertake this non-mandatory planning. Completing one plan per year should eventually allow OIA to meet its Long-term goal of having capital plans in place for all insular areas. This completes one phase of the mission goal of improving infrastructure.

The annual performance goals are designed to emphasize the productivity of the Office and the island governments rather than the ultimate social or economic value of the grants. Increasing the ratio of projects completed, and reducing the amount of time for completion leads to the accomplishment of OIA's Long-term goals, and provides an important step in accomplishing OIA's mission.

## Strategies

The primary strategies used to achieve the long-term goals include:

### ***Development and Use of Multi-Year Capital Plans***

It is very important that long-term plans are in place for capital improvements in the insular areas, particularly given the high dependence on Federal funding for these improvements. Although plans were mandated under the Compact of Free Association Act of 1985, they have not been rigorously enforced or updated. These issues will be discussed in on-going re-negotiation of Compact financial assistance for two of the three freely associated states. It is realistic to allow for one plan to be written each year through 2005. OIA has expressed to the governments its strong support for the plans and, through its Operations and Maintenance Improvement Program, has offered technical assistance to help pay for planning.

### ***Improving Grant Productivity***

While grant productivity is primarily a measure of output, it reflects the work performed by OIA that is both within its control and critical to the insular governments. The insular areas' ability to spend money quickly and effectively is a measure of good governance. OIA will use incentives at its disposal to move grants more quickly from award to project completion. OIA's definition of a grant "project" is any grant item listed on a grant offer that has its own budget and financial activity, and for which expenditures are tracked. "Project completion" occurs on the date when the final drawdown is paid. "Project start" occurs when the grant is signed by the recipient government. Project duration is counted by month from the project start date until project completion. Progress can be viewed by looking in the individual grant files and noting the start and completion dates. Interim progress can also be tracked through the routine financial and narrative progress reports which are submitted by the insular governments. OIA will periodically review and discuss grant progress with grantees and use incentive methods where applicable to improve the completion time for the grants, and to improve the number of grants completed in a year. Incentives which OIA can use include: providing expiration dates in grant

awards, terminating inactive grants, and providing additional grants to those insular areas which are actively progressing in grant production and improving completion times.

## Key Factors Affecting Goal Achievement

- The successful completion of all goals will be directly affected by the upcoming Compact re-negotiation. This re-negotiation could change the requirements and timing for completing the plans for two of the freely associated states.
- The economic state of the islands could affect the time required for the completion of projects. A portion of OIA's grants require the islands to provide matching funds. If the islands cannot quickly provide matching funds, the time required for completion could be extended.
- A change in island government or organization leadership could shift priorities in the islands and cause grant progress to be delayed, discontinued, or could cause grant progress to move more rapidly, depending on the policies of the new leadership.
- A change in U.S. Administration could also affect grant progress. A new Administration's policies could also cause progress to be expedited, delayed, or discontinued.

## Crosscutting Relationships

In managing OIA's construction, covenant and operations and maintenance funding, OIA works very closely with the Departments of State, Defense, Justice, Agriculture and Commerce, the Environmental Protection Agency, the Army Corps of Engineers, and the Bureau of Census.

## GOAL 2: IMPROVE GOVERNMENT SYSTEMS AND SERVICES

This program activity provides financial and technical assistance to help ensure the insular governments are providing adequate public services and efficient governmental operations. Financial assistance is provided in several forms including: discretionary grants for operations to American Samoa and Enewetak, tax coverovers to Guam and the U.S. Virgin Islands and guaranteed assistance for general operations and health and education to the freely associated states. Technical assistance is provided for priority projects in the areas of financial management, health care, education, public safety, economic development, and statistical data collection.

**Long-term Goal 1:** By 2005, all insular governments are implementing long-term plans to improve financial management. This goal can be achieved by completing one plan per year.

Good management in the insular governments, as demonstrated by sound financial management practices, is essential to developmental goals and the protection of taxpayer's money. OIA cannot force the governments to develop plans, but can offer expertise and other incentives if the governments will make the effort. To assist the insular areas in these efforts, in conjunction with the USDA Graduate School, OIA has gathered together a team of experts with significant experience in the Federal government, governmental and public auditing, and island financial systems and practices. To date the program has been quite successful, specifically in terms of cooperation from the insular governments.

**Long-term Goal 2:** By 2005, increase grant productivity by increasing the ratio of projects completed to projects started to 1.0, and to reduce the average completion time of projects to 24 months.

The grants included in this goal are grants related to government services and systems, and include grants for: technical assistance, brown tree snake control, insular management controls, coral reef initiative, American Samoa operations, CNMI immigration initiative, federal

services, Enewetak operations, program grant assistance, Guam tax collection payments, and Virgin Island's rum excise tax payments.

While it is primarily a measure of output, grant productivity reflects the work performed by OIA that is both within its control and critical to the insular governments. The island governments' ability to spend money effectively is a measure of good governance. OIA will use incentives at its disposal to move grants more quickly from award to project completion. OIA's definition of a grant "project" is any grant item listed on a grant offer that has its own budget and financial activity, and for which expenditures are tracked. "Project completion" occurs on the date when the final drawdown is paid. "Project start" occurs when the grant is signed by the recipient government. Project duration is counted by month from the project start date until project completion. Progress can be viewed by looking in the individual grant files and noting the start and completion dates. Interim progress can also be tracked through the routine financial and narrative progress reports which are submitted by the insular governments.

### Relationship Between Long Term Goals and Annual Performance Goals

This program has been successful and we are optimistic that financial plans will be in place for all the insular governments by 2005. Our goal is to work to complete at least one additional financial management improvement plan each year and to assist with the timely start up and completion of funded projects. Completing one plan per year should allow OIA to fulfill its long-term goal of having all insular governments implement plans to improve financial management by 2005. Achievement of this goal is another stepping stone to achieving OIA's mission goal of improving governmental systems and services.

The annual performance goals are designed to emphasize the productivity of the Office and the island governments rather than the ultimate social or economic value of the grants. Increasing the ratio of projects completed, and reducing the amount of time for completion leads to the accomplishment of OIA's Long-term goals, and provides an important step in accomplishing OIA's mission.

## **Strategies**

### ***Development and Use of Financial Management Improvement Plans***

The poor financial condition of the insular governments has caused some shifting of priorities to immediate operational needs rather than planning. The OIA has requested funding levels that provide adequate money to complete one plan annually, assuming there is an insular government willing to undertake this non-mandatory planning. The target goal is to complete at least one additional financial management improvement plan each year through 2005.

### ***Improving Grant Productivity***

While grant productivity is primarily a measure of output, it reflects the work performed by OIA that is both within its control and critical to the insular governments. The insular areas ability to spend money effectively is a measure of good governance. OIA will use incentives at its disposal to move grants more quickly from award to project completion. OIA's definition of a grant "project" is any grant item listed on a grant offer that has its own budget and financial activity, and for which expenditures are tracked. "Project completion" occurs on the date when the final drawdown is paid. "Project start" occurs when the grant is signed by the recipient government. Project duration is counted by month from the project start date until project completion. Progress can be viewed by looking in the individual grant files and noting the start and completion dates. Interim progress can also be tracked through the routine financial and narrative progress reports which are submitted by the insular governments. OIA will periodically review and discuss grant progress with grantees and use incentive methods where applicable to improve the completion time for the grants, and to improve the number of grants completed in a year. Incentives which OIA can use include: providing expiration dates in grant awards, terminating inactive grants, and providing additional grants to those insular areas which are actively progressing in grant production and improving completion times.

## **Key Factors Affecting Goal Achievement**

- The successful completion of these goals will be directly affected by the upcoming Compact re-negotiation. This re-negotiation could change the requirements and timing for completing the plans for two of the freely associated states.
- The economic state of the islands could affect the time required for the completion of projects.
- A change in island government or organization leadership could shift priorities in the islands and cause grant progress to be delayed, discontinued, or could cause grant progress to move more rapidly, depending on the policies of the new leadership.
- A change in U.S. Administration could also dramatically affect grant progress. A new Administration's policies could also cause progress to be expedited, delayed, or discontinued.

## **Crosscutting Relationships**

Two of OIA's programs, the Brown Tree Snake Control Program and the Coral Reef Initiative, are parts of major Departmental and Federal crosscutting efforts. OIA's brown tree snake efforts are included within the President's initiative to manage non-indigenous invasive species. OIA finances brown tree snake control efforts by the U.S. Geological Survey, the Fish and Wildlife Service, the Department of Defense Pest Management Control Board, and the U.S.D.A. Wildlife Services. The Coral Reef initiative involves work and coordination with the U.S. Geological Survey, the Fish and Wildlife Service, the National Park Service and the Department of Commerce.

## MISSION GOAL II: HELP MANAGE FEDERAL-ISLAND RELATIONS BY PROMOTING APPROPRIATE FEDERAL POLICIES

### GOAL 3: IMPROVE GOVERNMENTAL RELATIONS

This is the largest single workload activity within the Office of Insular Affairs. The Office has responsibilities mandated in law or by Executive and Secretarial Orders to help formulate policies relative to the relationship between the insular areas and the Federal government, and to report on associated problems and effects. Improving governmental relations is staff- intensive work that requires extensive communications and coordination among Federal agencies and insular officials and organizations.

**Long-Term Goal 1:** Increase insular governments' satisfaction regarding communications with the Federal government over survey baselines established in 2001.

The essence of OIA's mission is to serve the insular governments, and its ability to communicate well and help clarify Federal and insular positions is critical. The perception of how well we improve communications and the relationships with the Federal government are what we hope to measure and quantify through a survey completed annually by each government.

#### Relationship Between Long Term Goals and Annual Performance Goals

The long term goal of improving communications is dealt with annually by striving to increase insular governments' satisfaction regarding communications with the Federal government.

#### Strategies

The Office of Insular Affairs will work toward its goal of improving insular governments' satisfaction regarding communications beginning in FY 2001. OIA will design and conduct a baseline survey with quantitative evaluation criteria during FY 2001. Questions will relate to other offices and agencies as well as OIA. The source of

data will be island officials who are asked to complete the questionnaire. The limitation will be the subjectivity of the responses and highly political nature of the relationship that can affect the survey responses in ways out of the control of OIA. The completed Survey questionnaires will be filed and maintained for future review. Performance will be measured based on an increase in the numerical score.

#### Key Factors Affecting Goal Achievement

- A change in U.S. Administration and/or Administration policies could dramatically affect Federal-insular relationships. For example, the current Administration established a White House Interagency Group on Insular Areas; a new administration may choose to discontinue this group, or may not consider our insular areas a priority. This could cause a dramatic decline in the insular areas satisfaction in communications with the Federal government. Likewise, a change in insular area government/leadership and/or policies could also similarly affect the insular areas satisfaction.

#### Crosscutting Relationships

In meeting its goal to improve governmental relations, OIA works with virtually every Federal agency. It plays a key role in two interagency groups : The Interagency Group on Freely Associated State Affairs, and the Interagency Group on Insular Areas. Major Federal partners in both groups are the Departments of State, Defense, Education, HHS, Justice, Agriculture and Commerce, and the Environmental Protection Agency. Within these groups, special relationships are developed with the Army Corps of Engineers, the Bureau of Census, and the USDA Graduate School.

Both groups strive to make Federal programs and policies more effective and better understood in the U.S. insular areas and the freely associated states.



## Section V

### *Program Evaluations*

OIA grants management has historically been the subject of numerous IG audits and the results of these audits are discussed in the internal control findings of the annual OIA audited financial statements. The Office of the Inspector General performs an annual financial audit on OIA's grants in compliance with the Chief Financial Officer's Act. We expect that these audits will continue on an annual basis.

## Section VI

### *Consultations*

The Department of the Interior initiated consultation with Congress in October 1999, meeting with committee staff from Senate Governmental Affairs and House Government Reform Committees. Committee staff from Interior's authorizing and appropriating committees were also invited.

OIA held senior management meetings to discuss the revisions to the Strategic Plan. No outside consulting services were utilized. Comments and suggested changes were submitted in written form. In addition, in the normal performance of their duties, OIA staff works very closely with the insular areas, and has daily contact with the insular areas on issues directly related to the goals in this plan.

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